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BY ELECTRONIC MAIL

July 28, 2023

Dr. Luis A. Ferrao Delgado
President
Univeristy of Puerto Rico

Re: Fe-Ri Construction, Inc.

Dear Dr. Ferrao Delgado,

In accordance with the Contract Review Policy of the Financial Oversight and Management Board for Puerto Rico (the “Oversight Board”), established pursuant to Section 204(b)(2) of PROMESA, we have reviewed the proposed contract between the University of Puerto Rico (the “UPR”) and Fe-Ri Construction, Inc. (the “Proposed Contract”).

After reviewing the Proposed Contract, the Oversight Board concludes “Approved with Observations.” Observations related to the Proposed Contract are set forth in Appendix A attached hereto.

Our review is solely limited to compliance of the Proposed Contract with Section 204(b)(2) of PROMESA, which seeks to ensure proposed contracts promote market competition and are not inconsistent with approved Fiscal Plans. For the avoidance of doubt, the review performed by the Oversight Board does not constitute a legal review of the contractual documentation or the contracting process, including without limitation: (i) compliance with contracting requirements under applicable laws, rules, and regulations, both federal and local; and (ii) compliance with applicable laws, rules, and regulations governing procurement activities, both federal and local.

In addition, the Oversight Board has not engaged in any due diligence or background check with respect to the contracting parties nor whether the contracting parties comply with the requirements under the applicable contract. Any material changes to the Proposed Contract must be submitted to the Oversight Board for review and approval prior to execution.

Dr. Ferrao Delgado

July 28, 2023

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This letter is delivered as of the date hereof and we reserve the right to provide additional observations and modify this letter based on information the Oversight Board was not directed to when the review was conducted. In addition, during the course of our review, we may receive information that we may refer to the relevant authorities.

This letter is issued only to the UPR and solely with respect to the Proposed Contract.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Jaime A. El Koury', with a stylized flourish at the end.

Jaime A. El Koury
General Counsel

APPENDIX A

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UPR – FE-RI CONSTRUCTION, INC.

Fiscal Plan Alignment

This review covers the Proposed Contract between the UPR and Fe-Ri Construction, Inc. (the “Contractor”), for the Rehabilitation of the Resi-Campus Building at the Río Piedras Campus, which provides student housing for 244 residents.

Pursuant to the Proposed Contract, the Contractor shall perform asbestos and lead mitigation works; replace the roof waterproofing system; replace the electrical and mechanical infrastructure; replace doors and windows; install automatic fire sprinklers; remodel bedrooms and public areas; and update telecommunication and security camera systems, among other things. Further, the renovated building must comply with current regulations regarding accessibility, safe exits and fire safety.

The Proposed Contract has a term from its date of execution until the issuance of the UPR’s Final Acceptance Letter. Substantial Completion must be achieved on or before 600 calendar days from the issuance of the Notice to Proceed. Further, the Proposed Contract has a maximum payable amount of **\$20,030,000**, payable with a mix of federal and prior year funds allocated in the UPR’s CAPEX account pursuant to the following distribution and located in the following accounts:

1. 10470.692.000.7711.000.20C160026402.00- Grant \$5,814,400
2. 10461.692.000.7711.000.20C000026402.00- Institutional \$4,037,000
3. 10464.692.000.7711.000.20C000026402.00- Insurance \$3,666,377
4. 10471.692.506.7711.000.20C161W10050.00- FEMA \$2,862,427.38
5. 10471.692.528.7711.000.20C161W10050.00- FEMA \$2,998,573.32
6. 10472.692.506.7711.000.20C161W10050.00- CDBG-DR \$318,047.49
7. 10472.692.528.7711.000.20C161W10050.00- CDBG-DR \$333,174.81

The UPR has certified that the funds required for payments under the Proposed Contract are allocated in the corresponding accounts. As such, the Oversight Board’s review indicates that the UPR has sufficient funds to cover the cost of the Proposed Contract as of the date of this letter. This determination does not consider the extent to which total available funds will be subsequently encumbered by the UPR throughout the Proposed Contract’s term. Consequently, we rely on the UPR’s fund certification for purposes of this review.

The UPR is expected to inform the Oversight Board of any budgetary differences other than those specified in Appendix A (Contract Submission Questionnaire) and to request a re-review of the Proposed Contract should any changes occur.

This review was conducted on the basis of information submitted by the UPR. The Oversight Board has not independently verified the information included in the submission. Should the Oversight Board become aware of any inaccuracies or misrepresentations – whether intentional or not – it would re-evaluate its assessment.